

No. 11/11/DASP

Jakarta, April 13, 2009

## C I R C U L A R   L E T T E R

Concerning: Electronic Money

Pursuant to validity of Bank Indonesia Regulation Number 11/12/PBI/2009 dated April 13, 2009 concerning Electronic Money (Republic of Indonesia State Gazette Year 2009 Number 65, Supplement to Republic of Indonesia State Gazette Number 5001), in the context of supporting the smoothness and effectiveness of implementing Electronic Money, it is deemed necessary to stipulate further provisions on implementation of Electronic Money in a Bank Indonesia Circular Letter.

### I     R E Q U I R E M E N T   A N D   P R O C E D U R E   T O   O B T A I N   A   L I C E N S E   A S P R I N C I P A L

#### A. Party that Can Act as Principal

Activities as Principal can be conducted by a Bank or an Institution Other Than Bank.

#### B. Application for License as Principal

A Bank or an Institution Other Than Bank that intends to conduct activities as a Principal is obliged to obtain a license from Bank Indonesia. The application for license to conduct activities as a Principal should be submitted to Bank Indonesia in writing in Bahasa Indonesia, and must at least contain the following information:

1. type of Electronic Money activity that will be implemented;
2. plan of activity starting time; and
3. name of network that will be used.

#### C. Requirement of Documents as a Principal in the Form of a Bank

In case of a Bank, the application for license referred to in letter B , should attach the following documents:

1. fotocopy of the Bank's current year Business Plan containing activity plan of the Bank as a Principal
2. key concept of business arrangement between the Principal candidate and Issuer, Acquirer, Clearing Administrator, Final Settlement

Administrator, and/or other parties, signed by the management and at least contains:

- a. qualifications of Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties that use the Principal's network;
  - b. operating procedure for Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties that intend to enter into a cooperation agreement with the Principal; and
  - c. cooperation implementation plan with Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
3. business analysis results for 1 (one) year ahead on implementation of forthcoming activities by the Principal should at least contain a description regarding:
- a. existing market potential;
  - b. business competition analysis;
  - c. cooperation plan with Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties, including amounts and names;
  - d. regional scope implementation plan; and
  - e. target forecast of achievable income;
4. proof of legal instruments readiness, that includes:
- a. concept of written agreement or written key agreement between the Principal candidate and Issuer, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties, that among others contain clauses concerning:
    - 1) covenant on use of Principal's network to issue Electronic Money;
    - 2) rights and obligations of each respective party;
    - 3) cooperation implementation plan;
    - 4) cooperation period; and
    - 5) settlement procedure and mechanism of disputes that may occur among the parties;

- b. concept to coordinate rights and obligations of parties, such as coordinating rights and obligations of Principal, Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
    - c. procedure and mechanism of settlement of disputes that occur between the Principal with Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
  - 5. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing Electronic Money that at least includes compliance with security systems and/or network as referred to in point VII.G;
  - 6. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt the operational smoothness of Electronic Money systems; and
  - 7. photocopy of a recommendation from the Sharia Supervisory Board of activities as the Principal, particularly for a Bank that conducts business activities based on Sharia principles.
- D. Requirement of Documents as a Principal in the Form of an Institution Other Than Bank

In case of an Institution Other Than Bank, application for license as referred to in letter B should attach the following documents:

- 1. company profile that contains among others Principal's activity plan;
- 2. photocopy of deed of establishment of the limited liability company including its amendments, if any, that is already ratified by the authorized party and must be legalized by the authorized official;
- 3. business arrangement key concepts between the Principal candidate and Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties, acknowledged by the management and at least contain:
  - a. qualifications of Issuer, Acquirer, Clearing Administrator, Final Settlement Administrator, and/or other parties that use the Principal's network;
  - b. operating procedure for Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties that intend to enter into a cooperation agreement with the Principal; and

- c. cooperation implementation plan with Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
- 4. business analysis results for 1 (one) year ahead on forthcoming implementing activities by the Principal, that at least contains a description regarding:
  - a. existing market potential;
  - b. business competition analysis;
  - c. cooperation plan with Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties, including amounts and names;
  - d. regional scope implementation plan; and
  - e. target forecast of achievable income;
- 5. proof of legal instruments readiness, that includes:
  - a. concept of written agreement or written key agreement between the Principal candidate and Issuer, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties, that among others contains clauses concerning:
    - 1) covenant on use of Principal's network to issue Electronic Money;
    - 2) rights and obligations of each respective party;
    - 3) cooperation implementation plan;
    - 4) cooperation period; and
    - 5) settlement procedure and mechanism of disputes that may occur among the parties;
  - b. concept to coordinate rights and obligations of the parties, such as coordinating rights and obligations of Principal, Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
  - c. settlement procedure and mechanism of disputes that occur between the Principal with Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
- 6. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing Electronic Money that at least includes compliance with security systems and/or network as referred to in point VII.G;

7. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational smoothness of Electronic Money systems;
8. photocopy of a recommendation from the Sharia Supervisory Board over activities as the Principal, particularly for an Institution Other Than Bank that conducts business activities based on Sharia principles; and
9. a written recommendation from the Institution Other Than Bank's supervisory authority, if the Institution Other Than Bank comes under a supervisory authority. The recommendation should at least include information about obedience of the Institution Other Than Bank against prevailing regulations including information about allowed or not of Institution Other Than Bank to conduct activities as Principal and other information regarding problems faced by the respective Institution Other Than Bank.

## II REQUIREMENT AND PROCEDURE TO OBTAIN A LICENSE AS ISSUER

### A. Party that Can Act as Issuer

Activities as an Issuer can be conducted by a Bank or an Institution Other Than Bank.

### B. Application for License as an Issuer

A Bank or an Institution Other Than Bank that intends to conduct activities as an Issuer is obliged to obtain a license from Bank Indonesia. The application for license to conduct activities as an Issuer should be submitted to Bank Indonesia in writing in Bahasa Indonesia, and must at least contain the following information:

1. type of Electronic Money activity that will be implemented;
2. plan of activity starting time; and
3. name of network that will be used.

### C. Requirement of Documents as Issuer in the Form of a Bank

In case of a Bank, application for license as referred to in letter B should attach the following documents:

1. fotocopy of the Bank's current year Business Plan containing activity plan of the Bank as an Issuer;

2. business arrangement key concepts between the Issuer candidate and Principal, Acquirer, and/or other parties acknowledged by the management and at least contain:
  - a. operating procedure for Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties that intend to enter into a cooperation agreement with the Issuer; and
  - b. cooperation implementation plan with Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
3. Electronic Money profile, should at least contain information regarding:
  - a. technical specification that at least contains information regarding electronic data storage media and security features;
  - b. Electronic Money management mechanism that at least contains information regarding issuance, replenishment, cash withdrawal of Electronic Money balance in the framework of redeeming Electronic Money, claims by Traders, clearing implementation, and implementation of final settlement if any; and
  - c. Float Funds management mechanism;
4. business analysis results for 1 (one) year ahead on forthcoming implementing activities by the Issuer, that at least contains a description regarding:
  - a. existing market potential;
  - b. target market segments and business competition analysis;
  - c. target of Float Holders and Funds managed;
  - d. cooperation plan with Principal, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties, including amounts and names;
  - e. regional scope implementation plan; and
  - f. target forecast of achievable income;
5. proof of legal instruments readiness, that includes:
  - a. concept of written agreement or written key agreement between the Issuer candidate and Principal, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties, that among others contains clauses concerning:

- 1) covenant between Issuer and Principal, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties regarding implementation of Electronic Money activities;
- 2) rights and obligations of each respective party;
- 3) cooperation implementation plan;
- 4) cooperation period; and
- 5) settlement procedure and mechanism of disputes that may occur among the parties;

In case the Issuer candidate is a foreign Bank's branch office, and the agreement entered into with the Principal is a Global Agreement between the Bank's head office and the Principal, then submission of photocopy of the Global Agreement by the foreign Bank's branch office will be considered as adequate.

- b. concept to coordinate rights and obligations of the parties, such as coordinating rights and obligations of Issuer, Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties; and
  - c. settlement procedure and mechanism of disputes that occur between the Principal and Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
6. proof of operational readiness, should at least include:
- a. organizational structure plan and preparedness of human resource; and
  - b. equipment and business facilities plan, should at least contain information regarding:
    - 1) location or space that will be used for operational activities; and
    - 2) system related technical equipment, such as hardware, software, and network that will be used;
  - c. description of organizational structure preparedness and form of built in control that will be implemented; and
  - d. policy and procedure that explain preparedness of information technology infrastructure to be used in implementing Electronic Money;
7. proof of liquidity risk management readiness, including among others:

- a. mechanism of Issuer's liability compliance; and
- b. mechanism in case Issuer experiences failure to settle;
- 8. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing Electronic Money that at least includes compliance with security systems and/or network as referred to in point VII.G, including security systems or Issuer's network used by other parties such as Replenishment, redeem or Cash Withdrawal facilities in the framework of money transfer activities;
- 9. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational smoothness of Electronic Money systems;
- 10. product risk and identification results of Electronic Money among others operational, legal, and reputation risks;
- 11. description of accounting information system to be applied for Electronic Money issuance; and
- 12. photocopy of a recommendation from the Sharia Supervisory Board of activity plan as Issuer candidate, particularly for a Bank that conducts business activities based on Sharia principles;

**D. Requirement of Documents as an Issuer in the Form of Institution Other Than Bank**

In the case of an Institution Other Than Bank that has already managed or planned to manage Float Funds amounting to Rp1,000,000,000.00 (one billion rupiah) or more, application for license as referred to in letter B must comply with the following requirements:

- 1. directors and/or board of commissioners are not included in the list of bad debts; and
- 2. directors and/or board of commissioners have never been declared bankrupt or has become a director and/or member of the board of commissioners declared guilty of causing a partnership to be declared bankrupt in a period of 5 (five) years before submitting an application.
- 3. submission of following documents:
  - a. company profile that among others contains activity as Issuer;



- b. photocopy deed of establishment of the limited liability company including its amendments, if any, already ratified by the authorized party and must be legalized by the authorized party or official;
- c. business arrangement key concepts between the Issuer candidate and Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties acknowledged by the management and at least contain:
  - 1) operating procedure for Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties that intend to enter into a cooperation agreement with the Issuer; and
  - 2) cooperation implementation plan with Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
- d. composition list of directors and/or board of commissioners that consists of names, positions, addresses, Tax Payer Identification Numbers (NPWP);
- e. Electronic Money profile, that at least contains information regarding:
  - 1) technical specification that at least contains information regarding electronic data storage media and security features;
  - 2) Electronic Money management mechanism that at least contains information regarding issuance, replenishment, cash withdrawal of Electronic Money balance in the context of redeeming Electronic Money, claims by Traders, clearing implementation, and implementation of final settlement if any; and
  - 3) Float Funds management mechanism;
- f. business analysis results for 1 (one) year ahead on forthcoming implementing activities by the Issuer, that at least contains a description regarding:
  - 1) existing market potential;
  - 2) target market segments and business competition analysis;
  - 3) target of Float Holders and Funds managed;

- 4) cooperation plan with Principal, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties, including amounts and names;
  - 5) regional scope implementation plan; and
  - 6) target forecast of achievable income;
- g. proof of legal instruments readiness, that includes:
- 1) concept of written agreement or written key agreement between the Issuer candidate and Principal, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties, that among others contains clauses concerning:
    - a) covenant between Issuer and Principal, Acquirer, Clearing Operator, Final Settlement Operator and/or other parties regarding implementation of Electronic Money activities;
    - b) rights and obligations of each respective party;
    - c) cooperation implementation plan;
    - d) cooperation period; and
    - e) settlement procedure and mechanism of disputes that may occur among the parties; and
  - 2) concept to coordinate rights and obligations of parties, such as coordinating rights and obligations of Issuer, Principal, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties; and
  - 3) settlement procedure and mechanism of disputes that occur between the Principal and Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and/or other parties;
- h. proof of operational readiness, should at least include:
- 1) organizational structure plan and preparedness of human resource; and
  - 2) equipment and business facilities plan, should at least contain information regarding:
    - a) location or space that will be used for operational activities; and
    - b) system related technical equipment, such as hardware, software, and network that will be used;

- 3) description of organizational structure preparedness and form of built in control that will be implemented; and
- 4) policy and procedure that explain preparedness of information technology infrastructure to be used in implementing Electronic Money;
- i. proof of liquidity risk management readiness, to include among others:
  - 1) mechanism of Issuer's liability compliance; and
  - 2) mechanism in case Issuer experiences failure to settle;
- j. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing Electronic Money that at least includes compliance with security systems and/or network as referred to in point VII.G, including security systems or Issuer's network used by other parties such as redeem or Cash Withdrawal facilities in the framework of money transfer activities;
- k. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational smoothness of Electronic Money systems;
- l. photocopy of savings account that indicates Float Funds amount at the moment of submitting an application;
- m. product risk and identification results of Electronic Money among others operational, legal, and reputation risks;
- n. description of accounting information system to be applied for Electronic Money issuance; and
- o. photocopy of a recommendation from the Sharia Supervisory Board, particularly for an Institution Other Than Bank that conducts business activities based on Sharia principles; and
- p. written recommendation from the Institution Other Than Bank's supervisory authority, if the Institution Other Than Bank comes under a supervisory authority. The recommendation should at least include information about obedience of the Institution Other Than Bank against prevailing regulations including information about

allowed or not of Institution Other Than Bank to conduct activities as Issuer and other information regarding problems faced by the respective Institution Other Than Bank.

### III. REQUIREMENT AND PROCEDURE TO OBTAIN A LICENSE AS ACQUIRER

#### A. Party that Can Act as An Acquirer

Activities as an Acquirer can be conducted by a Bank or an Institution Other Than Bank.

#### B. Application for License as an Acquirer

A Bank or an Institution Other Than Bank that intends to conduct activities as an Acquirer is obliged to obtain a license from Bank Indonesia. The application for license to conduct activities as an Acquirer should be submitted to Bank Indonesia in writing in Bahasa Indonesia, and must at least contain the following information:

1. plan of activity starting time;
2. name and number of Principal, Issuer, Clearing Operator, Final Settlement Operator, and/or other parties entering into cooperation agreement; and
3. name and number of Traders that intend to enter into a cooperation agreement.

#### C. Requirement of Documents as Acquirer in the Form of a Bank

In case of a Bank, the application for license as referred to in letter B should attach the following documents:

1. fotocopy of the Bank's current year Business Plan containing activity plan of the Bank as an Acquirer;
2. business arrangement key concepts between the Acquirer candidate and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties acknowledged by the management and at least contain:
  - a. written key agreement and coordination on rights and obligations between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties that intend to enter into a cooperation agreement with the Acquirer; and

- b. cooperation implementation plan with Principal, Acquirer, Clearing Operator, Final Settlement Operator, Trader and/or other parties;
- 3. business analysis results for 1 (one) year ahead on forthcoming implementing activities by the Acquirer, that at least contains a description regarding:
  - a. existing market potential;
  - b. target market segments and business competition analysis;
  - c. cooperation plan with Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties, including amounts and names;
  - d. regional scope implementation plan; and
  - e. target forecast of achievable income;
- 4. proof of legal instruments readiness, that includes:
  - a. concept of written agreement or written key agreement between the Acquirer candidate and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties, that among others contain clauses concerning:
    - 1) covenant between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader, and/or other parties regarding implementation of Electronic Money activities;
    - 2) rights and obligations of each respective party;
    - 3) cooperation implementation plan;
    - 4) cooperation period; and
    - 5) settlement procedure and mechanism of disputes that may occur among the parties;
  - b. concept to coordinate rights and obligations of parties, such as coordinating rights and obligations of Acquirer, Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties; and
  - c. settlement procedure and mechanism of disputes that occur between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties;
- 5. proof of operational readiness, should at least include:

- a. organizational structure plan and preparedness of human resource; and
  - b. equipment and business facilities plan, should at least contain information regarding:
    - 1) location or space to be used for operational activities; and
    - 2) system related technical equipment, such as hardware, software, and network that will be used;
  - 6. proof of liquidity risk management readiness, to include among others:
    - a. mechanism of Acquirer's liability compliance; and
    - b. mechanism in case Acquirer experiences failure to settle;
  - 7. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing Electronic Money that at least includes compliance with security systems and/or network as referred to in point VII.G, including security systems or Acquirer's network used by Traders;
  - 8. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational smoothness of Electronic Money systems; and
  - 9. photocopy of a recommendation from the Sharia Supervisory Board on Electronic Money activities that will be conducted, particularly for a Bank that conducts business activities based on Sharia principles;
- D. Requirement of Documents as an Acquirer in the Form of an Institution Other Than Bank

In the case of an Institution Other Than Bank, application for license as referred to in letter B should attach the following documents:

- 1. company profile that contains among others Acquirer's activity plan;
- 2. photocopy deed of establishment of the limited liability company including its amendments, if any, that is already ratified by the authorized party and must be legalized by the authorized party or official;
- 3. business arrangement key concepts between the Acquirer candidate and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties, that among others contain:

- a. written key agreement and coordination on rights and obligations between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties that intend to enter into a cooperation agreement with the Acquirer; and
  - b. cooperation implementation plan with Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties;
- 4. business analysis results for 1 (one) year ahead on forthcoming implementing activities by the Acquirer, that at least contains a description regarding:
  - a. existing market potential;
  - b. target market segments and business competition analysis;
  - c. cooperation plan with Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties, including amounts and names;
  - d. regional scope implementation plan; and
  - e. target forecast of achievable income;
- 5. proof of legal instruments readiness, that includes:
  - a. concept of written agreement or written key agreement between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties, that among others contains clauses concerning:
    - 1) covenant between Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties;
    - 2) rights and obligations of each respective party;
    - 3) cooperation implementation plan;
    - 4) cooperation period; and
    - 5) settlement procedure and mechanism of disputes that may occur among the parties;
  - b. concept to coordinate rights and obligations of parties, such as coordinating rights and obligations of Acquirer, Principal, Issuer, Clearing Operator, Final Settlement Operator, and Holder; and
  - c. settlement procedure and mechanism of disputes that occur between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties;

6. proof of operational readiness, should at least include:
  - a. organizational structure plan and preparedness of human resource; and
  - b. equipment and business facilities plan, should at least contain information regarding:
    - 1) location or space that will be used for operational activities; and
    - 2) system related technical equipment, such as hardware, software, and network that will be used;
7. proof of liquidity risk management readiness, to include among others:
  - a. mechanism of Acquirer's liability compliance; and
  - b. mechanism in case Acquirer experiences failure to settle;
8. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing Electronic Money that at least includes compliance with security systems and/or network as referred to in point VII.G, including security systems or Acquirer's network used by Traders;
9. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational smoothness of Electronic Money systems;
10. photocopy of a recommendation from the Sharia Supervisory Board, particularly for an Institution Other Than Bank that conducts business activities based on Sharia principles; and
11. written recommendation from the Institution Other Than Bank's supervisory authority, if the Institution Other Than Bank comes under a supervisory authority. The recommendation should at least include information about obedience of the Institution Other Than Bank against prevailing regulations including information about allowed or not of Institution Other Than Bank to conduct activities as an Acquirer and other information regarding problems faced by the respective Institution Other Than Bank.



#### IV REQUIREMENT AND PROCEDURE TO OBTAIN A LICENSE AS CLEARING OPERATOR AND/OR FINAL SETTLEMENT OPERATOR

##### A. Application for a License as Clearing Operator and/or Final Settlement Operator

A Bank or an Institution Other Than Bank that intends to conduct activities as a Clearing Operator and/or Final Settlement Operator is obliged to apply for a license from Bank Indonesia in writing in Bahasa Indonesia, and must at least contain the following information:

1. plan of activity starting time as Clearing Operator and/or Final Settlement Operator;
2. name and number of Principal, Issuer, Acquirer, and/or other parties that intend to enter into a cooperation agreement; and
3. name or trademark that will be used.

##### B. Requirement of Documents as a Clearing Operator and/or Final Settlement Operator in the Form of a Bank

In the case of a Bank, the application for license as referred to in letter A should attach the following documents:

1. fotocopy of the Bank's current year Business Plan containing activity plan of the Bank as a Clearing Operator and/or Final Settlement Operator;
2. business arrangement key concepts between the Clearing Operator and/or Final Settlement Operator with the Principal, Issuer, Acquirer and/or other parties, acknowledged by the management and at least contain:
  - a. qualifications of Principal, Issuer, Acquirer and/or other parties that intend to use the services of Clearing Operator and/or Final Settlement Operator;
  - b. key written agreement and coordination of rights and obligations between the Clearing Operator and/or Final Settlement Operator with the Principal, Issuer, Acquirer, and/or other parties that enter into a cooperation agreement with the Clearing Operator and/or Final Settlement Operator;
  - c. risk management in clearing and/or final settlement operations;
  - d. mechanism of clearing and/or final settlement;

- e. settlement procedure and mechanism of disputes arising between the Acquirer and Principal, Issuer, Clearing Operator, Final Settlement Operator, Trader and/or other parties;
  - 3. proof of operational readiness, should at least include:
    - a. organizational structure plan and preparedness of human resource; and
    - b. equipment and business facilities plan, should at least contain information regarding:
      - 1) location or space to be used for activities of clearing and/or final settlement; and
      - 2) system related technical equipment, such as hardware, software, and network that will be used;
  - 4. photocopy of information technology audit result report from an internal or external independent auditor as proven technology in implementing clearing that at least includes compliance with security systems and/or network as referred to in point VII.G;
  - 5. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational implementation of clearing and/or final settlement; and
  - 6. photocopy of a recommendation from the Sharia Supervisory Board on implementation of clearing and/or final settlement that will be conducted, particularly for a Bank that conducts business activities based on Sharia principles;
- C. Requirement of Documents as Clearing Operator and/or Final Settlement Operator in the Form of an Institution Other Than Bank
- In the case of an Institution Other Than Bank, application for license as referred to in letter B should attach the following documents:
- 1. company profile that among others contains an activity plan as Clearing Operator and/or Final Settlement Operator;
  - 2. photocopy deed of establishment of the limited liability company including its amendments, if any, that is already ratified by the authorized party and must be legalized by the authorized party or official;

3. business arrangement key concepts between the Clearing Operator and/or Final Settlement Operator with the Principal, Issuer, Acquirer, and/or other parties, and at least contain:
  - a. qualifications of Principal, Issuer, Acquirer, and/or other parties that will use services of the Clearing Operator and/or Final Settlement Operator;
  - b. key written agreement and coordination of rights and obligations between the Clearing Operator and/or Final Settlement Operator with the Principal, Issuer, Acquirer, and/or other parties that enter into a cooperation agreement with the Clearing Operator and/or Final Settlement Operator;
  - c. risk management in implementing clearing and/or final settlement;
  - d. mechanism of clearing and/or final settlement;
  - e. settlement procedure and mechanism of disputes between the Clearing Operator and/or Final Settlement Operator with the Principal, Issuer, Acquirer, and/or other parties;
4. proof of operational readiness, should at least include:
  - a. organizational structure plan and preparedness of human resource; and
  - b. equipment and business facilities plan, should at least contain information regarding:
    - 1) location or space to be used for clearing and/or final settlement activities; and
    - 2) system related technical equipment, such as hardware, software, and network that will be used;
5. photocopy of information technology audit results report from an internal or external independent auditor as proven technology in implementing clearing that at least includes compliance with security systems and/or network as referred to in point VII.G;
6. disaster recovery plan and business continuity plan which are effective in overcoming and minimizing problems arising from unforeseen occurrences that can disrupt operational smoothness of clearing and/or final settlement implementation; and

7. written recommendation from the Institution Other Than Bank's supervisory authority, if the Institution Other Than Bank comes under a supervisory authority. The recommendation should at least include information about obedience of the Institution Other Than Bank against prevailing regulations including information about allowed or not of Institution Other Than Bank to conduct activities as a Clearing Operator and/or Final Settlement Operator and other information regarding problems faced by the respective Institution Other Than Bank.

V. PROCESSING LICENSE AS PRINCIPAL, ISSUER, ACQUIRER,  
CLEARING OPERATOR AND/OR FINAL SETTLEMENT OPERATOR

1. Bank Indonesia provides a license or issues a refusal in writing in a period of at the latest 45 (forty five) working days starting from receipt of an application letter and required documents by Bank Indonesia.
2. In the context of providing a license or written refusal referred to in figure 1, Bank Indonesia takes the following steps:
  - a. administrative examination against completeness, accuracy and suitability of documents submitted by a Bank or an Institution Other Than Bank;
  - b. on site visit to the respective Bank or Institution Other Than Bank to conduct verification of accuracy and suitability of submitted documents and to ensure operational readiness, if necessary; and/or
  - c. in case applicant is a Bank, Bank Indonesia will request for a recommendation from the Bank's supervisory authority, at least including financial condition, soundness level, the Bank's operational readiness and obedience towards prevailing regulations, including information if there are problems faced by the respective Bank.
3. Based on results of administrative examination of documents, on site visit and/or recommendation from the Bank's supervisory authority as referred to in figure 2, Bank Indonesia will:
  - a. grant a license, if:
    - 1) administrative examination result as referred to in item 2.a indicated that documents submitted by applicant is already complete, accurate and suitable with Bank Indonesia requirements;

- 2) on site visit result as referred to in item 2.b indicated accuracy and suitability of submitted documents and operational readiness; and
  - 3) the Bank or Institution Other Than Bank's supervisory authority has recommended the Bank or Institution Other Than Bank to obtain a license as Principal, Issuer, Acquirer, Clearing Operator, and/or Final Settlement Operator.
- b. issue a refusal, if:
- 1) administrative examination result as referred to in item 2.a indicated that the submitted documents are incomplete, inaccurate and/or not in accordance with the requirements of Bank Indonesia;
  - 2) on site visit result as referred to in item 2.b indicated an inaccuracy or unsuitability of submitted documents and/or non-operational readiness; and/or
  - 3) the Bank or Institution Other Than Bank's supervisory authority has refused to recommend the Bank or Institution Other Than Bank to obtain a license as Principal, Issuer, Acquirer, Clearing Operator, and/or Final Settlement Operator.
4. If there are other things that must be followed-up, licensing time process as referred to in figure 1 can be extended. The time extension for processing license should be notified by Bank Indonesia to the applicant in writing.

#### VI. ANNOUNCEMENT OF ACTIVITY COMMENCEMENT EFFECTIVE DATE AS PRINCIPAL, ISSUER, ACQUIRER, CLEARING OPERATOR AND/OR FINAL SETTLEMENT OPERATOR

- 1. The Bank or Institution Other Than Bank that has already obtained a license as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator, is obliged to conduct its activities at the latest 180 (one hundred eighty) calendar days starting from the date license is granted by Bank Indonesia.
- 2. If within a period of 180 (one hundred and eighty) calendar days as referred to in figure 1, the Bank or Institution Other Than Bank has conducted its activity as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator, then the respective Bank or Institution Other Than Bank is obliged to notify Bank Indonesia in writing regarding activity

commencement effective date as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator. The Bank or Institution Other Than Bank is declared capable of implementing its activities effectively as Principal, Issuer, Acquirer, Clearing Operator, and/or Final Settlement Operator if its network or system is already operational and its products are already used by the general public as Electronic Money.

3. If the Bank or Institution Other Than Bank failed to implement its activity within a period of 180 (one hundred eighty) calendar days as referred to in figure 1, then the respective Bank or Institution Other Than Bank is obliged to notify Bank Indonesia in writing accompanied with supporting evidence to strengthen its explanation regarding reasons and constraints that caused inability of its activity as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator.
4. The written notification referred to in figure 2 should be submitted at the latest 10 (ten) working days starting from activity commencement effective date as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator. While the written notification as referred to in figure 3, should be submitted at the latest 10 (ten) working days as of the end of 180 (one hundred eighty) calendar days as referred to in figure 1.

## VII. IMPLEMENTATION OF ELECTRONIC MONEY

### A. Types of Electronic Money Based on Records of Holder's Identity

Based on recording or not of an Electronic Money Holders' identity data, the Issuer can issue Electronic Money types, to be registered and recorded in accordance with the Holders' identity data (registered) and types of Electronic Money, as well as not registered and not recorded in accordance with the Holders' identity data (unregistered).

Records of a Holder's identity data should at least contain the name, address, date of birth and other data as listed in the Holder's identity card.

Acceptance of the Holder's identity data is done by Issuer by providing a means or application form that must be completed by a Holder candidate accompanied with identity card photocopy of the Holder candidate.

Requirement to complete identity data of a Holder is intended for a Holder that for the first time applies as a Holder and the Issuer does not have

complete, correct and accurate data at all about the Holder's identity (Customer Information File).

**B. Largest Electronic Money Value Limit**

1. Electronic Money Value Limit for registered and unregistered types is stipulated as follows:
  - a. The largest Electronic Money Value Limit for an unregistered type is Rp1,000,000.00 (one million rupiah).
  - b. The largest Electronic Money Value Limit for a registered type is Rp5,000,000.00 (five million rupiah).
2. The largest transaction value limit for both types of Electronic Money as referred to in figure 1 in 1 (one) month for each Electronic Money in overall is Rp20,000,000.00 (twenty million rupiah), that includes transactions related to payment, transfer of funds, and other transaction facilities provided by the Issuer.

**C. Mechanism for Disbursement of Money as Transaction Proceeds for Traders**  
 Trader and Holder transaction proceeds can only be withdrawn by the Trader through its account kept at the Bank. The Bank account belonging to the Trader is used as a means for receiving payment from the Issuer or Acquirer after a transaction between Holder and Trader.

**D. Issuer's Agent in Electronic Money Replenishment and Cash Value Withdrawal**

Issuer can cooperate with a Trader or another party as agent in providing Electronic Money Replenishment and Cash Value Withdrawal facilities. In case that Issuer provides a service to Holder to Withdraw Cash in the context a funds transfer then the Issuer's Agent is obliged to obtain a license as business activity administrator of money remittance in accordance with prevailing regulation.

**E. Electronic Money Issuance with Different Types and Names and/or Addition of New Facilities**

1. An Issuer that has obtained a license from Bank Indonesia and intends to issue Electronic Money with types and names different than previously issued does not require a license but must report in writing to Bank Indonesia.

Examples:

- a. Issuer A has obtained a license and issues Electronic Money using the chip media. Later on, Issuer A intends to issue a new type of Electronic Money using the server media. In this case, issue of Electronic Money using the server media does not need a new license, but Issuer A only needs to report its issuance plan to Bank Indonesia.
  - b. Issuer B has obtained a license and issues Electronic Money in cooperation with one of the Principals. Later on, Issuer B intends to issue Electronic Money in cooperation with a different Principal. In this case, issue of Electronic Money in cooperation with a different Principal does not need a new license, but Issuer B only needs to report its issuance and cooperation to Bank Indonesia.
  - c. Issuer C as a Bank has obtained a license and issues Electronic Money and now wish to add an Electronic Money service feature for enabling transfer of funds. In this case, Issuer C should just report the plan to add feature to Bank Indonesia. This provision is not valid for an Issuer in the form of an Institution Other Than Bank because the Electronic Money funds transfer additional feature must obtain a license as organizer of money remittance business activity.
2. Items reported among others include:
- a. background of new issue of Electronic Money type;
  - b. information technology audit result report from an internal or external independent auditor, if using a system different than the system used to issue Electronic Money that previously has already obtained a license;
  - c. Electronic Money profile, that among others contains information regarding:
    - 1) use of brand name;
    - 2) technical specification that at least contains information regarding electronic data storage media and security features; and
    - 3) Electronic Money management mechanism that at least contains information regarding issuance, Replenishment, redeem, and claim by Traders;



- d. cooperating parties in issuing new types of Electronic Money, if any;  
and
- e. issue effective date of new Electronic Money type.

F. Transfer of Funds Facility

1. Issuer that provides a transfer of funds facility among Holders is obliged:
  - a. to make a system available that can record funds transfer transactions from a sender to a recipient so that the Issuer knows about the information in an on-line and real time manner;
  - b. to administrate identity data of the Holders, that among others includes names, identity card numbers, and addresses; and
  - c. to comply with the regulations that stipulate Know Your Customer (KYC) principles, money laundering crime, and other relevant regulations. Specifically in the case of an Institution Other Than Bank, besides to comply with above regulations, the Issuer must also comply with regulations concerning money remittance business activities and/or regulations concerning transfer of funds.
2. A Cash Withdrawal Facility can only be granted for Electronic Money that has a transfer of funds facility.
3. If the Issuer cooperates with another party which is an Institution Other Than Bank to act as remitting agent and/or receiving agent (including a party that provides Cash Withdrawal service), then the other party must first also obtain a license as an organizer of money remittance business activity or transfer of funds from Bank Indonesia.

G. Implementation of Risk Operational Management and Technology Security Improvement

1. In the context of implementing operational risk management, Principal, Issuer, Acquirer, Clearing Operator, and Final Settlement Operator are obliged to improve Electronic Money technology security in order to mitigate crime rate and misuse of Electronic Money, and simultaneously improve public confidence towards Electronic Money as a means for payment.
2. Improvement of security referred to in figure 1, should be conducted against all technological infrastructure relevant with Electronic Money implementation, that includes securing Electronic Money storage media

and securing all systems used for processing Electronic Money transactions.

3. In improving security as referred to in figure 2, proven technology is among others used that at least covers compliance with the following aspects:
  - a. Availability of technological security systems that at least complies with the following principles:
    - 1) data confidentiality;
    - 2) systems and data integrity;
    - 3) systems and data authentication;
    - 4) prevention against non-repudiation of transactions; and
    - 5) systems availability,
 which are effectively and efficiently conducted adhering to obedience towards prevailing regulations;
  - b. Availability of systems and procedures to perform audit trail;
  - c. Availability of internal policies and procedures for Human Resource (HR) system; and
  - d. Availability of Business Continuity Plan (BCP) that can guarantee continuity of Electronic Money implementation. BCP includes preventive action as well as contingency plan (including provision of back-up facility) if there is an emergency situation or disruption resulting in inability to use the main system for Electronic Money implementation.

#### H. Placement of Float Funds

1. In case the Issuer is an Institution Other Than Bank, managed Float Funds must be placed with a Commercial Bank in the form of a deposit account consisting of savings account, current account, and/or time deposit account.
2. Float Funds placed at a Commercial Bank referred to in figure 1 total 100% from Float Funds derived from sales proceeds of Electronic Money that still represent the Issuer's liability towards Holders and Traders.
3. Composition size of Float Funds in the form of savings, current account and/or time deposits is fully entrusted to the Issuer. Issuer can only

utilize Float Funds in the interest of liability fulfillment for Holders and Traders. Float Funds may not be used for financing activities beyond the liabilities toward the respective Holders and Traders such as for financing Issuer's operations.

4. Fulfillment of liabilities to Holders and Traders must be conducted by the Issuer in a timely manner.
5. Administration of Issuer's Float Funds that come from a Bank is conducted by notation on the immediate liabilities or other liabilities' side. If Issuer originally comes from a Bank conducts a placement of Float Funds, the investment must be secure and liquid.

#### I Product Transparency

1. Product transparency is among others conducted by Issuer by providing written information to the Holder of Electronic Money. The information must be conveyed in clear and easy to comprehend Bahasa Indonesia, in easy to read letters and figures by the Holder.
2. The written information referred to in figure 1, must at least include the following points:
  - a. information that Electronic Money is not a deposit as referred to in the law concerning banking so that the value of Electronic Money is not guaranteed by the Deposit Insurance Agency (*Lembaga Penjamin Simpanan*, LPS);
  - b. Electronic Money using procedure, Electronic Money built in facilities, such as Replenishment, transfer of funds, Cash Withdrawal, and redeem, as well as risks that may arise from using Electronic Money;
  - c. rights and obligations of a Holder, at least includes:
    - 1) important matters that must be heeded by a Holder in using Electronic Money such as validity period of Electronic Media, if any, and rights and obligations of the Holder at validity period expiry of the Electronic Money media;
    - 2) rights and obligations of the Holder if something happened causing a loss to the Holder and/or the Issuer, either due to systems failure or other causes; and
    - 3) type and size of costs charged;

- d. procedure of submitting a claim in connection with Electronic Money use and estimated length of time for handling a complaint; and
- e. procedure and consequence of product use including procedure for returning the whole Electronic Money Value balance when the Holder puts an end to using Electronic Money (redeem).

J. Cooperation of Acquirer with a Trader or Another Party

1. In case the Acquirer conducts a cooperation agreement with a Trader, the Acquirer must ensure that:
  - a. The Trader's line of business is not listed in lines of business prohibited by law;
  - b. Cooperation agreement between Acquirer and Trader must at least contain clauses including:
    - 1) rights and obligations of Acquirer and Trader;
    - 2) prohibition for Trader to impose surcharge to Holder; and/or
    - 3) Trader's obligation to uphold data confidentiality/information about transactions and the Holders;
  - c. Trader complies with the cooperation agreement with the Acquirer as referred to in letter b; and
  - d. Trader understands procedure and mechanism of transactions using Electronic Money. In this case, the Acquirer is obliged to provide education and guidance periodically for the Trader including if there is a different type or name and/or addition of new Electronic Money facilities.
2. In case Acquirer conducts a cooperation agreement with another party, such as a personalizing company or a technological service provider company in implementing Electronic Money, then:
  - a. operational systems implemented by an Electronic Money technological service provider company guarantee security of the whole process of Electronic Money transactions. The security guarantee must be ascertained with:
    - 1) existence of information technology audit result from an internal and external independent auditor; and

- 2) existence of certification result carried out by Principal, if Acquirer becomes a Principal member.
- b. Acquirer must ensure that the technological service provider company when implementing Electronic Money is capable of upholding data confidentiality, both Holder's data and transaction data.
3. In case the Acquirer is a Bank that in conducting Electronic Money activities intends to cooperate or use another party to process Electronic Money transactions, then the Acquirer must also observe and comply with Bank Indonesia regulations that stipulate cooperation between a Bank and another party, among others Bank Indonesia regulation concerning application of risk management in using information technology by a Commercial Bank.

#### VIII. VALIDITY PERIOD OF ELECTRONIC MONEY MEDIA

Issuer can determine validity period of an Electronic Money media among others based on consideration of the technical age limit of Electronic Money media used. For example, in the case of Electronic Money that uses a chip as electronic media implanted in a card, Issuer can determine the card's validity period for a certain period.

With the expiry of Electronic Money media validity period, Electronic Money balance does not spontaneously become cancelled. Thus, the Holder still has a right to claim against Electronic Money balance existing in the media until a period as stipulated in the Civil Code, insofar there is still an outstanding balance of Electronic Money in the respective media. Fulfillment of a right to claim against Electronic Money balance can be conducted through various methods among others by transferring the Electronic Money's outstanding balance to a new media. Fulfillment of right to claim against Electronic Money is deductible by administration costs imposed by the Issuer against the Holder.

#### IX. SUPERVISION AND REPORT ON ELECTRONIC MONEY ACTIVITY IMPLEMENTATION

##### A. Supervision on Electronic Money Activity Implementation

##### 1. Objectives of Supervision

Supervision is aimed at ensuring implementation of Electronic Money activities in an efficient, quick, safe and reliable manner by taking into account customers protection principles.

## 2. Objects of Supervision

Bank Indonesia conducts supervision against Electronic Money implementation through the activities of:

- a. Principal;
- b. Issuer;
- c. Acquirer;
- d. Clearing Operator; and
- e. Final Settlement Operator.

## 3. Focus of Supervision

Supervision against implementation of Electronic Money is focused on:

- a. application of risk management aspects;
- b. obedience towards prevailing regulations, including correctness and timely delivery of information and reports; and
- c. application of customers protection aspects.

## 4. Method of Supervision

- a. Supervision against Electronic Money activity implementation is conducted by Bank Indonesia through:
  - 1) investigation, analysis and evaluation, among others based on periodical reports, incidental reports, other data and/or information obtained by Bank Indonesia from other parties, and discussions with parties as referred to in figure 2.
  - 2) on site visit to parties referred to in figure 2 to reconcile data correctness with facts in the field, and to view physical means, systems, supporting application and database. If necessary, on site visit may also be conducted by parties cooperating with parties as referred to in figure 2.
  - 3) consultative meeting with parties referred to in figure 2 to obtain information on implementation and to submit a recommendation.
  - 4) guidance of parties referred to in figure 2 includes implementation of change.

- b. In the framework of supervision, parties referred to in figure 2 must provide:
  - 1) information and/or data related to Electronic Money implementation, both in hardcopy and softcopy; and
  - 2) opportunity for on site visit to view Electronic Money implementation, physical means, systems, supporting application and database.
- c. Bank Indonesia may assign another party to and on behalf of Bank Indonesia implement inspection (on site visit) against parties referred to in figure 2.

## B. Electronic Money Activity Implementation Report

### 1. Periodical Report

- a. A periodical report refers to a report obligatory to be submitted completely, correctly, accurately and timely by parties referred to in item A.2 in accordance with the period of each report. Periodical reports consist of monthly report, quarterly report, and annual report.
- b. Periodical Report Types  
Periodical reports obligatory to be submitted by parties referred to in item A.2 include:

#### 1) Principal

- a) Annual Report that at least includes information regarding:
  - (1) business plan and target of 1 (one) year ahead including product development plan and cooperation with other parties;
  - (2) business plan realization of the previous year;
  - (3) members joined in Principal's network; and
  - (4) type and size of costs charged to members.
- b) Information Technology Audit Result Report that is periodically prepared at least once in every 3 (three) years, with audit coverage among others to include:
  - (1) network security;
  - (2) data security;
  - (3) application and systems security;

- (4) control over systems and data access;
- (5) periodical monitoring and testing of network; and
- (6) written procedure in connection with technology and information security.

2) Issuer

- a) Fraudulent Monthly Report;
- b) Quarterly Report on Handling and Settlement of Customer Complaints; and
- c) Information Technology Audit Result Report conducted periodically at least once in every 3 (three) years, with audit coverage among others to include:
  - (1) network security;
  - (2) data security;
  - (3) application and systems security;
  - (4) control over systems and data access;
  - (5) periodical monitoring and testing of network; and
  - (6) written procedure in connection with technology and information security.

3) Acquirer

- a) Monthly Report on Electronic Money activity implementation as Acquirer; and
- b) Information Technology Audit Result Report that is periodically prepared at least once in every 3 (three) months, with audit coverage among others to include:
  - (1) network security;
  - (2) data security;
  - (3) application and systems security;
  - (4) control over systems and data access;
  - (5) periodical monitoring and testing of network; and
  - (6) written procedure in connection with technology and information security.

4) Clearing Operator

- a) Quarterly Report on Clearing Activity Implementation



- b) Information Technology Audit Result Report that is periodically prepared at least once in every 3 (three) months, with audit coverage among others to include:
  - (1) network security;
  - (2) data security;
  - (3) application and systems security;
  - (4) control over systems and data access;
  - (5) periodical monitoring and testing of network; and
  - (6) written procedure in connection with technology and information security.

5) Final Settlement Operator

- a) Quarterly Report on Final Settlement Activity Implementation; and
- b) Information Technology Audit Result Report that is periodically prepared at least once in every 3 (three) years, with audit coverage among others to include:
  - (1) network security;
  - (2) data security;
  - (3) application and systems security;
  - (4) control over systems and data access;
  - (5) periodical monitoring and testing of network; and
  - (6) written procedure in connection with technology and information security.

2. Incidental Report

- a. Incidental Report refers to a written report obligatory to be submitted correctly by parties as referred to in item A.2 to Bank Indonesia both at Bank Indonesia's request and at own initiative of the parties. Implementation of incidental reports can be done by submitting documents in accordance with Bank Indonesia's request.
- b. Types of Incidental Reports
  - 1) Cooperation Plan with Another Party Report
    - a) Principal, Issuer or Acquirer that intends to conduct a cooperation agreement with another party is obliged to

submit a written report to Bank Indonesia, that at least contains:

- (1) data/information/company profile of the other party that intends to enter into a cooperation agreement with Principal, Issuer or Acquirer;
  - (2) rationale for conducting cooperation agreement;
  - (3) effective date of implementing cooperation agreement; and
  - (4) cooperation agreement implementation period;
- b) Written report of cooperation plan between Principal, Issuer, and Acquirer with another party as referred to in letter a), must be completed with the following documents:
- (1) photocopy of cooperation agreement concept between Principal, Issuer or Acquirer with another party;
  - (2) information technology audit result from an independent auditor, if the other party intending to cooperate with the Principal or Issuer, represents a technological service provider company and/or another party that provides processing facility for Electronic Money transactions;
  - (3) information technology audit result from an independent auditor, if the other party that cooperates with the Acquirer is the party that provides processing facility for Electronic Money transactions;
  - (4) photocopy of a certificate from Principal addressed to the other party cooperating with Issuer or Acquirer, if Issuer or Acquirer becomes Principal's member;
  - (5) preparedness statement from the other party that cooperates with Principal, Issuer or Acquirer to uphold data confidentiality;

- (6) photocopy concept of cooperation agreement conducted by the other party with a third party, if any.
- 2) Report on Different Types or Names and/or Addition of New Electronic Money Facilities
  - a) Issuer that intends to issue Electronic Money with a different type and name and/or addition of a new facility must report in writing and accompany at least the following documents:
    - (1) a business plan; and
    - (2) explanation of characteristics of the different type or name and/or addition of new facility.
  - b) The business plan as referred to in item a)(1), among others includes information about income target to be achieved out of the product with a Different Type or Name and/or Addition of New Facility.
  - c) Explanation of characteristics of the Different Type or Name and/or Addition of New Facility as referred in item a)(2), includes explanation of transaction flow, system security improvement efforts, and the difference between the product with Different Type or Name and/or Addition of New Facility with the previous product.
- 3) Incidental Report
 

Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator is obliged to submit an incidental report, i.e. report about disruption to the system and efforts already done to cope with it such as:

  - a) existence of network failure in processing Electronic Money; and
  - b) fraudulent occurrence.
- 4) Data/Information Conversion Report
 

Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator must report in writing if there is a change of data or information with regards to documents submitted

when submitting an application for approval to Bank Indonesia, such as change in name, office address, change of management (Directors and/or Board of Commissioners), alteration to key documents on business relations, change to coordination of rights and obligations of the parties, amendment to cooperation agreement and alteration to cooperation parties, change in procedure of dispute settlement.

3. Principal's annual report as referred to in item 1.b.1)a) must be submitted to Bank Indonesia in writing with a hardcopy to be received at the latest by Bank Indonesia on 15 February of the next year. If 15 February falls on a holiday then the report must be received on the next working day.  
Example: Report for the period of January up to December 2009 must be submitted at the latest on 15 February 2010.
4. Submission of Information Technology Audit Result Report as referred to in items 1.b.1)b), 1.b.2)c), 1.b.3), 1.b.4)b), and 1.b.5)b) must already be received by Bank Indonesia at the latest in 20 (twenty) working days as of issuance of the Information Technology Audit Result Report.
5. Cooperation Plan with Another Party Report as referred to in item 2.b.1), must be reported in writing by Principal, Issuer and Acquirer to Bank Indonesia at the latest 30 (thirty) working days before the cooperation agreement is signed.
6. If Issuer or Acquirer has signed a cooperation agreement as referred to in figure 5, the Principal, Issuer or Acquirer must report in writing to Bank Indonesia regarding realization/implementation of the cooperation agreement with the other party at the latest 10 (ten) working days starting from signing of the cooperation agreement.
7. Report on Different Type or Name and/or Addition of New Electronic Money Facility as referred to in item 2.b.2) must be reported in writing by Issuer to Bank Indonesia at the latest 45 (forty five) working days before the product with different type or name and additional new facility is issued.

8. Incidental Report as referred to in item 2.b.3) must be submitted to Bank Indonesia as soon as possible after occurrence to the DASP PwSP Team by telephone or facsimile followed by written report at the latest 3 (three) working days after the occurrence.
  9. Report on Data/Information Change as referred to in item 2.b.4) must be submitted in writing by Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator to Bank Indonesia at the latest 20 (twenty) working days since the change has been made.
  10. In the interest of supervision related to implementation of Electronic Money activities, Bank Indonesia has the authority to request for data, information, and/or report other than the reports referred to in figure 1 and figure 2.
  11. Reporting Procedure referred to in items 1.b.2)a), 1.b.2)b), 1.b.3)a), 1.b.4)a), and 1.b.5)a) and obligatory sanctions to pay is guided by Bank Indonesia regulations that regulate reports from the head office of a Commercial Bank and provisions on means of payment activity implementation report using a card by Rural Banks (*Bank Perkreditan Rakyat*) and Institutions Other Than Bank.
- C. Procedure of Imposing Sanction in the form of Penalty
1. Imposing penalty sanction against a Bank in connection with implementation of Electronic Money activities is conducted by Bank Indonesia by way of debiting the Bank's current account at Bank Indonesia.
  2. Imposing penalty sanction against an Institution Other Than Bank in connection with implementation of Electronic Money activities is conducted by Bank Indonesia by way of delivering a penalty sanction imposition letter to the Institution Other Than Bank that among others contains information about the amount penalty sanction and its payment procedure to Bank Indonesia.

## X. DEVELOPMENT AND PROVISION OF INTEROPERABILITY OF ELECTRONIC MONEY SYSTEM WITH ANOTHER ELECTRONIC MONEY SYSTEM

In the framework of improving higher efficiency, smoothness and advantage to Holder in conducting transactions, an effort is required to develop a system that can be interoperable in processing transactions between one Principal, Issuer and Acquirer with another Principal, Issuer and Acquirer.

Technically it can be implemented by Principal by defining the rules of the game and a criterion or standard so that each Issuer using the Principal's network can provide facilities to the Holders to use equipment access using a sign or logo of the respective Principal. The convenience besides able to provide advantage for Holders will also cause transaction process curtailment and thus prevent unnecessary investment by Acquirer. In the long run, transaction cost curtailment may stimulate overall growth of economic activities.

Systems simplification measures by the parties can be taken through a consensus made by the industry itself. To support its implementation, Bank Indonesia may oblige the parties to follow and adjust its systems whereas criteria and requirements of which have become an industrial consensus.

## **XI. REQUIREMENT AND PROCEDURE TO OBTAIN A LICENSE AND SUBMIT REPORTS IN THE FRAMEWORK OF TRANSITORY LICENSING THROUGH MERGER, CONSOLIDATION, DIVISION OR TAKEOVER**

### **A. Merger**

1. In case a Bank has already obtained a license to implement Electronic Money activities from Bank Indonesia and intends to merge with a Bank that has/has not obtained a license to implement Electronic Money activities from Bank Indonesia, the following provisions will come into force:
  - a. if the merger resulting Bank is a Bank that has already obtained a license to implement Electronic Money activities from Bank Indonesia, then the merger resulting Bank must report in writing to Bank Indonesia regarding its plan to continue Electronic Money activities.
  - b. if the merger resulting Bank is a Bank that has not obtained a license to implement Electronic Money activities from Bank Indonesia, then the merger resulting Bank must first obtain a

license from Bank Indonesia in order to continue Electronic Money activities.

2. In case an Institution Other Than Bank has already obtained a license to implement Electronic Money activities from Bank Indonesia and intends to merge with an Institution Other Than Bank that has/has not obtained a license to implement Electronic Money activities from Bank Indonesia, the following provisions will come into force:
  - a. if the merger resulting Institution Other Than Bank is an Institution Other Than Bank that has already obtained a license to implement Electronic Money activities from Bank Indonesia, then the merger resulting Institution Other Than Bank must report in writing to Bank Indonesia regarding its plan to continue Electronic Money activities.
  - b. if the merger resulting Institution Other Than Bank is an Institution Other Than Bank that has not obtained a license to implement Electronic Money activities from Bank Indonesia, then the merger resulting Institution Other Than Bank must first obtain a license from Bank Indonesia in order to continue Electronic Money activities.

#### B. Consolidation

1. In case a Bank that has obtained a license to implement Electronic Money activities from Bank Indonesia intends to consolidate with another Bank that has or has not obtained a license to implement Electronic Money activities from Bank Indonesia, then the consolidation resulting Bank must first obtain an approval from Bank Indonesia in order to continue Electronic Money activities.
2. In case an Institution Other Than Bank that has obtained a license to implement Electronic Money activities from Bank Indonesia intends to consolidate with another Institution Other Than Bank that has or has not obtained a license to implement Electronic Money activities from Bank Indonesia, then the consolidation resulting Institution Other Than Bank must first obtain an approval from Bank Indonesia in order to continue Electronic Money activities.

#### C. Division

1. In case a Bank or an Institution Other Than Bank that has obtained a license to implement Electronic Money activities from Bank Indonesia intends to conduct a pure division, then the pure division resulting Bank or Institution Other Than Bank must first obtain a license from Bank Indonesia in order to continue Electronic Money activities.
2. In case a Bank or an Institution Other Than Bank that has obtained a license to implement Electronic Money activities from Bank Indonesia intends to conduct a spin off, the following provisions will come into force:
  - a. license to implement Electronic Money activities from Bank Indonesia is still inherent with the Bank or Institution Other Than Bank that has conducted a spin off. Therefore, the Bank or Institution Other Than Bank that has conducted a spin off must report in writing to Bank Indonesia regarding its plan to continue Electronic Money activities.
  - b. the spin off resulting Bank or Institution Other Than Bank must first obtain a license from Bank Indonesia in order to continue Electronic Money activities.

D. Takeover

1. In case a takeover occurs to a Bank or an Institution Other Than Bank that has obtained a license to implement Electronic Money activities from Bank Indonesia, then the Bank or Institution Other Than Bank that is going to be taken over must report the takeover plan to Bank Indonesia.
  2. The takeover plan report must be supplemented with information that at least includes takeover background, party intending to take over, target period of takeover implementation, composition of owners and/or controlling Shareholders after takeover is conducted, and business plan after takeover, specifically in connection with Electronic Money activity implementation such as plan to change name, change organizational structure, or change systems used.
- E. Reports referred to in items A.1.a, A.2.a., C.2.a, and D.1. must be submitted to Bank Indonesia subject to the following provisions:



1. Reports must be submitted to coincide with submission of license application related to a merger, division, or takeover plan to Bank Indonesia or the authorized supervisory agency over Institutions Other Than Bank.
  2. Reports referred to in figure 1 must be attached with documents among others a business plan after merger, division, or takeover, including a plan on systems use and development, infrastructure preparedness, and information technology audit result report from an independent auditor in case there is a development and/or a merger of existing systems.
- F. Application for license as referred to in items A.1.b., A.2.b., B.1., C.1., and C.2.b, must be submitted to Bank Indonesia subject to the following provisions:
1. Application for approval must be submitted simultaneously with license application for merger, consolidation, or division plan to Bank Indonesia or the authorized supervisory agency over Institutions Other Than Bank.
  2. Application for license as referred to in figure 1, must be attached with documents that among others are as follows:
    - a. financial statements for the last 3 (three) years already audited by an independent public accounting firm, in the case of an Institution Other Than Bank;
    - b. business plan after merger, consolidation, or division, including a plan on systems use and development;
    - c. report on infrastructure preparedness;
    - d. information technology audit result report from an independent auditor in case there is a development and/or a merger of existing systems;
    - e. composition of shares ownership after merger, consolidation, or division in the case of an Institution Other Than Bank; and
    - f. recommendation from the supervisory authority over Institution Other Than Bank, specifically for Institutions Other Than Bank.
- G. Licensing application process for continuing Electronic Money activities in connection with merger, consolidation, or division is conducted subject to the following provisions:

1. Bank Indonesia provides a written approval or refusal in a period of at the latest 45 (forty five) working days starting from receipt of complete required documents by Bank Indonesia.
2. In the context of providing a license or refusal referred to in figure 1, Bank Indonesia conduct the following action:
  - a. administrative examination against completeness, accuracy and suitability of documents submitted by a Bank or an Institution Other Than Bank;
  - b. on site visit to the respective Bank or Institution Other Than Bank to conduct verification of accuracy and suitability of submitted documents and to ensure operational readiness, if necessary; and/or
  - c. in case applicant is a Bank, Bank Indonesia will request for a recommendation from the Bank's supervisory authority, at least including financial condition, soundness level, the Bank's operational readiness and obedience towards prevailing regulations, including information if there are problems faced by the respective Bank.
3. In case administrative examination of documents referred to in item 2.a and the on site visit referred to in item 2.b have been conducted, and with consideration of the recommendation from the supervisory authority of Banks or Institutions Other Than Bank, Bank Indonesia will:
  - a. grant a license, if:
    - 1) administrative examination result as referred to in item 2.a indicated that documents submitted by applicant is already complete, accurate and suitable with Bank Indonesia requirements;
    - 2) on site visit result as referred to in item 2.b, if any, indicated accuracy and suitability of submitted documents and operational readiness; and
    - 3) the Bank or Institution Other Than Bank's supervisory authority has recommended the Bank or Institution Other

Than Bank to obtain a license as Principal, Issuer, Acquirer, Clearing Operator, and/or Final Settlement Operator.

- b. issue a refusal, if:
  - 1) administrative examination result as referred to in item 2.a indicated that submitted documents are incomplete, inaccurate and/or not in accordance with Bank Indonesia requirements;
  - 2) on site visit result as referred to in item 2.b indicated inaccuracy or unsuitability of submitted documents and/or non-operational readiness; and/or
  - 3) the Bank or Institution Other Than Bank's supervisory authority has not recommended the Bank or Institution Other Than Bank to continue Electronic Money activities.

## XII. CHANGE OF DIRECTORS AND/OR BOARD OF COMMISSIONERS

In case there is a plan to change the directors and/or board of commissioners of the Issuer that has obtained a license from Bank Indonesia then the alteration plan must first be reported to Bank Indonesia. Bank Indonesia can demand to replace directors and/or board of commissioner if not in compliance with requirements as referred to in items II.D.1 and II.D.2.

## XIII. OTHERS

- A. Other matters of a technical and micro nature in implementing Electronic Money activities other than those stipulated in this Bank Indonesia Circular Letter, can be self-regulated or agreed upon by the Self Regulation Organization (SRO) of Electronic Money. Regulation by the Electronic Money industry refers to a supplement and may not contradict Bank Indonesia regulations. In case SRO has agreed and stipulated provisions, each member or related party to SRO must follow and comply with the agreed provisions.
- B. Submission of an application for license to implement Electronic Money, delivery of reports, other information, and/or correspondence by the head office of a Bank or an Institution Other Than Bank should be addressed to: Bank Indonesia cq. Direktorat Akunting dan Sistem Pembayaran

Gedung D Lantai 2, Kompleks Perkantoran Bank Indonesia  
 Jl. M.H. Thamrin No. 2  
 Jakarta – 10350

#### XIV. TRANSITION

- A. A Bank or an Institution Other Than Bank that has conducted activities as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator before this Bank Indonesia Regulation came into force and has not obtained a license or a confirmation from Bank Indonesia, must obtain a license from Bank Indonesia. Submission of license application must be done by the Bank or Institution Other Than Bank at the latest 90 (ninety) calendar days starting from the effective date of this Bank Indonesia Circular Letter. Requirement and procedure for obtaining license from Bank Indonesia refer to this Bank Indonesia Circular Letter.
- B. A Bank or an Institution Other Than Bank that has conducted activities as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator before this Bank Indonesia Regulation came into force and has already obtained a license or a confirmation from Bank Indonesia, must report its activities to Bank Indonesia and complete requirements as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator at the latest 180 (one hundred eighty) calendar days starting from the effective date of this Bank Indonesia Circular Letter.
- C. An Institution Other Than Bank that has conducted activities as Principal, Issuer, Acquirer, Clearing Operator and/or Final Settlement Operator within the territory of the Republic of Indonesia before this Bank Indonesia Circular Letter came into force and is still not an Indonesian legal entity in the form of a limited liability company is obliged to become an Indonesian legal entity in the form of a limited liability company at the latest 2 (two) years starting from the effective date of this Bank Indonesia Circular Letter.
- D. An Institution Other Than Bank that has obtained a license as Issuer before this Bank Indonesia Circular Letter came into force, must comply with the provisions on Float Funds placement referred to in item VII.H at the latest

within a period of 60 (sixty) calendar days starting from the effective date of this Bank Indonesia Circular Letter.

XV. CLOSURE

The provisions stipulated in this Circular Letter shall become effective on 13 April 2009.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Thus for your information.

BANK INDONESIA

SWD. MURNIASTUTI  
DIRECTOR OF ACCOUNTING  
AND PAYMENT SYSTEMS